

# Ready for Retirement

## OVERVIEW

### Part 1 Pre-retirement issues

What you need to do and consider before you retire

### Part 2 The application process

A step-by-step walk-through of the process, so that you know what to do and to expect—and when

### Part 3 Other retirement issues

Other topics you need to be aware of as you approach retirement

## Q&A

#### Main Office

One Charles Park  
Cambridge, MA 02142-1206

Phone 617-679-MTRS  
(6877)

Fax 617-679-1661

#### Western Regional Office

101 State Street, Suite 210  
Springfield, MA 01103-2066

Phone 413-784-1711

Fax 413-784-1707

#### Online


[mass.gov/mtrs](http://mass.gov/mtrs)



*Presented by the MTRS Education and Member Relations unit  
and the Member Services unit*

## FALL 2007


- TAUNTON, Tuesday, October 30
- WEYMOUTH, Thursday, November 1
- HOLYOKE, Thursday, November 8
- MARLBOROUGH, Thursday, November 8
- BARNSTABLE, Wednesday, November 14
- LEE, Thursday, November 15
- STURBRIDGE, Wednesday, November 28
- CAMBRIDGE, Wednesday, November 28
- CAMBRIDGE, Thursday, November 29
- IPSWICH, Thursday, December 13



Part 1: Pre-retirement issues
4

### First, know the eligibility criteria

- Two retirement plans under the MTRS, each with different eligibility criteria:
  - "Regular"**
    - Any age, with **20 years** of creditable service, OR
    - Age 55** with **10 years** of creditable service
  - RetirementPlus**
    - Any age, with **30 years** of creditable service, at least **20 years** of which must be "teaching" service with the MTRS or Boston Retirement System



Part 1: Pre-retirement issues
5

### Second, understand the benefit calculation formula

**Age factor** based on your age at retirement

x Your number of years of **creditable service**

---

Allowed percentage of salary average

+ **RetirementPlus** percentage, if applicable

---

Allowable percentage of salary average (80% max)

x **Salary average** (highest three consecutive years)


---

Your Option A annual allowance subtotal

+ **Veteran's bonus**, if applicable (\$15 per year of creditable service, up to \$300)

---

**Your Option A annual allowance total**



Part 1: Pre-retirement issues
6

### Third, consider the three benefit options

Option	Retiree benefit amount	Survivor benefit, if any, upon retiree's death
<b>A</b>	Maximum allowance	None
<b>B</b>	Appr. 1% less than Option A amount	One-time lump-sum payment of balance, if any, remaining in retiree's account; no restrictions on beneficiary designation
<b>C</b>	Appr. 9–11% less than Option A amount	Monthly benefit, equal to 2/3 of retiree's benefit, to one named beneficiary (restrictions apply); pop-up provision


#### Option B

- There are no restrictions on who or how many individuals or entities may be named as beneficiary.
- In most cases, the annuity will be depleted in 9 to 11 years.

#### Option C

- The beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.
- If your Option C beneficiary predeceases you, your monthly benefit will "pop up" to the Option A benefit amount that you would have received on the date of your retirement, plus any cost-of-living adjustments.

## Part 1: Pre-retirement issues



Part 1: Pre-retirement issues **7**

### Fourth, complete your service purchases NOW

- If you have rendered past creditable service that is eligible for purchase (see handout for list), investigate the benefit and cost of purchasing it **NOW**, if you haven't already
- All service purchases must be paid in full prior to your date of retirement**—remember:
  - Certain types of creditable service must be purchased while you are still an active member
  - Rollovers and trust-to-trust transfers take time—start now
  - Late payments will postpone your date of retirement and delay your first retirement check

You may purchase credit for:

- ☐ Out-of-state public school teaching
- ☐ Overseas Department of Defense dependent school teaching
- ☐ Non-public school teaching (out-of-state or in Massachusetts; restrictions apply)
- ☐ Massachusetts public school substitute, temporary or part-time teaching or tutoring
- ☐ Peace Corps service
- ☐ Massachusetts public service (a municipal department or state agency)
- ☐ Active military service (during your membership in a MA contributory retirement system or at any time)
- ☐ Vocational work experience service



Part 1: Pre-retirement issues **8**

### Fifth, plan for your health insurance coverage

Avoid surprises—  
a year **BEFORE** your date of retirement...

- Contact your local insurance administrator
- If you are retiring from a participating district, contact the Group Insurance Commission ([mass.gov/gic](http://mass.gov/gic))
- Find out if Medicare eligibility will impact your future insurance benefits; understand your options
- Understand survivor health insurance benefits—do they exist?
- Make arrangements to pay premiums directly, if necessary, until your retirement payments begin

To find out if your district participates in the GIC plan, please see the list, below.

Contact the **Group Insurance Commission** at:

- [mass.gov/gic](http://mass.gov/gic)
- 617-727-2310

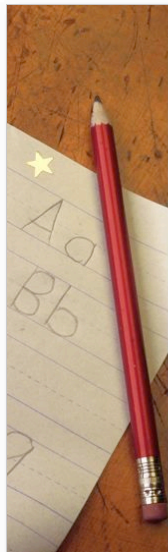
## GIC-participating districts

As of October 2007

Amesbury	Dedham	Holbrook	North Andover	Revere	Regional
Amherst	Dennis	Holyoke	North Attleboro	Rockland	Ware
Amherst-Pelham Regional	Eastham	Hudson	North Middlesex Regional	Rockport	Wareham
Andover	Everett	Lawrence	Norwell	Rutland	Watertown
Barnstable	Gill-Montague Regional	Martha's Vineyard Regional	Orange	Salem	West Bridgewater
Billerica	Gloucester	Medford	Peabody	Salisbury	Westfield
Blackstone Valley Regional	Granby	Millis	Pelham	Shawsheen Valley Regional	West Springfield
Blue Hills Regional	Greater Lawrence Regional	Milton	Pioneer Valley Regional	Spencer	Weymouth
Bourne	Hampden-Wilbraham Regional	Monson	Plainville	Spencer-East	Whitman-Hanson Regional
Braintree	Harvard	Narragansett Regional	Quabbin Regional	Brookfield Regional	Wilbraham-Paxton
Bridgewater	Hingham	Newbury	Randolph	Stoneham	Winthrop
Cohasset		North Adams	Rehoboth	Stoughton	Woburn
				Upper Cape Cod	



## Part 2: The application process



### Part 2: The application process 10

## Five basic steps...

What you need to do...	When, relative to retirement date...
1. <b>Go online</b> to the MTRS website and <b>estimate</b> your benefit, <b>review</b> general issues and <b>download</b> the two-part Retirement Application	6 months before
2. <b>Complete</b> Part 1, gather your required documents, and <b>give</b> Part 2 to your payroll official for completion	5 months before
3. <b>Receive</b> Part 2 from your payroll official and <b>submit</b> your application to MTRS	3-4 months before
4. <b>Receive</b> your <i>Notice of Estimated Retirement Benefits</i> from MTRS	1 month before
5. <b>Receive</b> your first retirement check!	Second full month after



### Part 2: The application process 11

## Step 1: Go online and...

**Access the retirement application process right from our homepage**

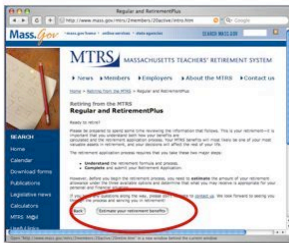
One of our most popular programs, "Ready for Retirement" will be offered at several locations across the Commonwealth in November and December. During this only and last semester, you will learn exactly what to do and expect as you go through the retirement process. This free, national program is designed specifically for members retiring in the next year, and is held after school, from 4-6 p.m., on Thursdays, starting September 13, at least 4 weeks before the program you wish to attend. We hope you can join us!

**Just added—presentations in Taunton and Southfield!**

Please note: the program in Southfield is Thursday, December 13.

Go to [www.mass.gov/mtrs](http://www.mass.gov/mtrs), and in the "Quick links to popular pages" drop-down menu, select "Apply for retirement."


This will bring you to...



### Part 2: The application process 12

## ...Estimate your retirement benefit using the interactive estimator

Click "Estimate your retirement benefits" to go to the four-page estimator...



...the first page of the retirement application process.

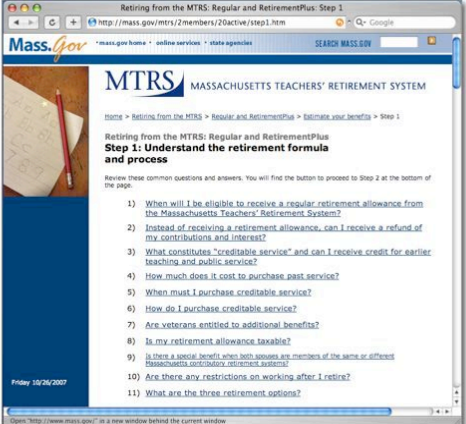
Using the buttons at the bottom of the pages, follow the steps to **estimate** your retirement benefit...

## Part 2: The application process

Part 2: The application process

13

**...Review** the common Q&A—it's likely that you'll see your questions asked and answered here

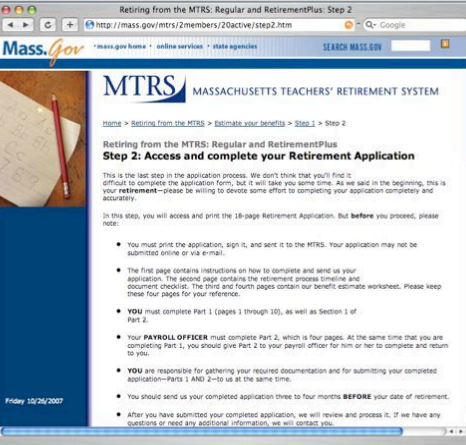


...review our Frequently Asked Questions, and...

Part 2: The application process

14

**...Download** the Retirement Application




...download the Retirement Application.

Part 2: The application process

15

**Step 2:**  
**Complete the application**

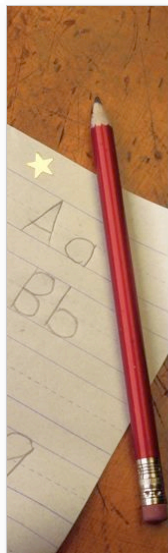


- 18 pages; interactive pdf format
- Complete onscreen in part or full, or print and complete by hand

Please note: If your salary changes **after** you submit your application to the MTRS, report these changes to the MTRS, including:

- retroactive contract settlements,
- stipends not previously reported on your retirement application, and
- unpaid leaves of absence or unpaid sick leave.

## Part 2: The application process



Part 2: The application process 16

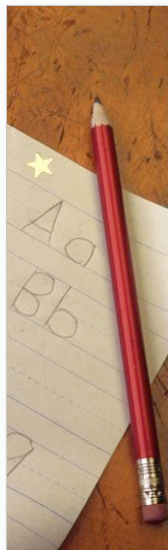
### Step 3: Submit the application

- **Receive** completed Part 2 from payroll official
- **Attach ALL** required documents
- **Make** a copy of everything for your records
- **Submit BOTH** Part 1 and Part 2 together to the MTRS (eastern MA, Cambridge office; western MA, Springfield office)
- MTRS will review your application and send you a letter to acknowledge it as received, and either complete or incomplete, with a request for the missing documentation

We advise you to file your retirement application three to four months before your retirement date. However, by law, you may file your application up to 60 days after your effective date of separation from service and still use the date of separation as your retirement date.



If you file your application more than 60 days after your date of separation from service, the earliest effective date of retirement you may use will be 15 days after the date we receive your completed application. Also, if you are retiring on your birthday, use that exact day as your date of retirement, **not** the day after.



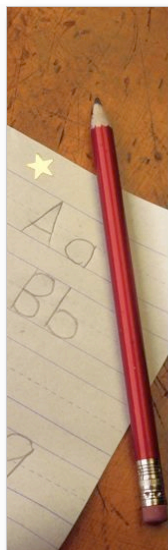
Part 2: The application process 17

### Step 4: Receive your *Notice of Estimated Benefits*

- Applications processed on a "first-come, first-served" basis
- We may need to contact your school department for additional information; we will notify you if this causes a delay
- Please note: Calculations may take up to four months to complete
- Once your benefit calculation is complete, your *Notice of Estimated Retirement Benefits* letter will be sent to you

Your *Notice of Estimated Benefits* will include:

- the components of the retirement formula used to calculate your benefit amount, including your number of years of creditable service, your three-year salary average and, if you selected Option B or C, information on your beneficiary;
- your monthly and annual retirement benefit amounts; and,
- if you selected Option C, the amount of your survivor benefit.



Part 2: The application process 18

### Step 5: Receive your first retirement payment!

- Regardless of when your first payment is issued, all payments are **retroactive** to your date of retirement  
(provided you have filed your application *before* your date of retirement or *within 60 days after* your date of separation from service)
- If you sign up to receive your benefit payments via direct deposit, your first payment **may** be sent via US mail  
(only when standard testing of the electronic funds transfer process with your bank cannot be completed before our monthly payment processing date)


Retirement checks are issued at the end of each month and represent payment for the *previous* month.

For example, the payment that you receive at the end of January is the payment **for** January.



Part 3: Other retirement issues

20



### Direct deposit

(also known as Electronic Funds Transfer)

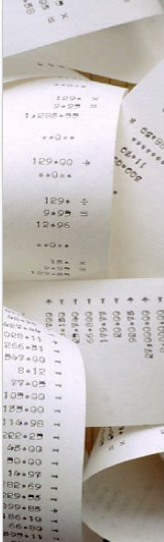
- Direct deposit of your retirement allowance is the recommended method of payment; now, over 85% participation
- Your monthly retirement allowance is transferred to your bank account on the last business day of each month
- You receive a monthly statement: when there is a change to your retirement allowance; when the MTRS needs to notify all retirees of an announcement; and, every December (year-end summary)

When you do get a direct deposit statement from us, please be sure to review the “message area” for news and updates!

Even if you receive your payment via direct deposit, it is vital that you keep your address current with us, to ensure that you continue to receive important mailings—such as your 1099-R tax form and Benefit Verification form—from us.

Part 3: Other retirement issues

21



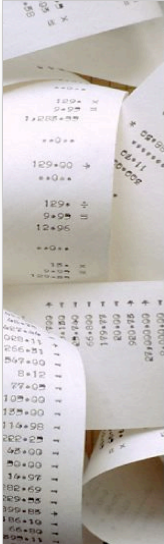
### Tax issues

- Your retirement allowance is **not** subject to Massachusetts state income tax
- Your retirement allowance is federally taxable
- Many of you will have slightly reduced “taxable” earnings each year because of “post-tax” dollars in your annuity savings account at the time of your retirement
- If you intend to move out of state, check with the Department of Revenue in that state to determine if your retirement allowance is subject to state income tax

As a reminder, your “after-tax” amount includes your contributions prior to 1988, plus any payments made to buy-back prior service.

Part 3: Other retirement issues

22



### Tax issues

- By January 31st of each year, we will mail you a **1099-R** tax form (the retiree version of your W-2 form)
- Gross earnings and taxable earnings will be detailed on the 1099-R
- You are also required to provide proof that you remain eligible (i.e., alive) to receive your retirement allowance
- The **Benefit Verification Form** is an annual process to prevent pension fraud and to ensure your benefits are being paid to the rightful and living recipient; your notarized signature is required



### Post-retirement employment

There are **no limits** on the following:

- Employment in the private sector
- Employment in another state—public or private
- Employment within the federal government
- Volunteering



### Post-retirement employment

General earnings and service limitations on re-employment in the **Massachusetts public sector**

- 60 day period of separation from service required; waived if retiring at age 65 or at 80% maximum benefit
- Cannot exceed **960 hours** in a calendar year
- Post-retirement earnings **cannot exceed** the difference between the current salary of the position from which you retired, and the amount of your annual pension

These limitations apply to post-retirement employment with a Massachusetts public employer. In other words, if your compensation is paid directly by a city, town, county or the Commonwealth, the limitations will apply.

The work that you perform does not necessarily have to meet the requirements for membership in a Massachusetts contributory retirement system; these limitations apply if you receive *any* check issued by a public employer in Massachusetts, including work as a consultant.



### Post-retirement employment

**Example:** Calendar year 2008

2008 salary for your pre-retirement position	\$55,000
– Annual gross retirement allowance	\$40,000
2008 earning limit	\$15,000





### Post-retirement employment

Different rules in the event of a DOE-approved “critical shortage”:

- RetirementPlus retirees must wait two years to be eligible
- School district must contact the DOE to obtain a one-year “waiver” for a specific position
- If above are met, the retiree may work without earnings limitation for the duration of the critical shortage “waiver”

The earnings limitations on re-employment of retirees in the Massachusetts public schools may be eased if the Department of Education determines there is a “critical shortage” in a particular position. The DOE has adopted regulation 603 CMR 7.03(b), allowing the Commissioner of Education to deem that a district has a “critical shortage” upon the request of a superintendent and demonstration that the district has made a good-faith effort to hire non-retirees and has been unable to find them. The “critical shortage” application process is similar to that for requesting a waiver for certification.



### Post-retirement employment

Additional precautions:


- Service rendered as a “consultant” to a MA public school or agency **is** subject to the service and earnings restrictions
- You may elect to waive or “freeze” your benefit if you are approaching your earnings or service limits
- If you exceed the allowable limits, the MTRS or your employer must recover all excess earnings from you



### Social Security

Two “double dipping” laws:

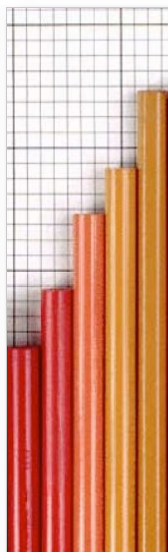
- **Windfall Elimination Provision (WEP)**
  - Exempt from WEP if you were eligible to retire from the MTRS prior to 1/1/86
- **Government Pension Offset (GPO)**
  - Exempt from GPO if you were eligible to retire prior to 12/1/82
- For more info, please see our handout, *Social Security for the Massachusetts Educator*



Part 3: Other retirement issues 29

### Social Security

- Even if you are subject to the WEP or GPO, you may still qualify for Medicare either on your own or through your spouse
- For more information, please visit **[www.medicare.gov](http://www.medicare.gov)**



Part 3: Other retirement issues 30

### Cost-of-Living Adjustments

- **Eligibility:** MA public retirees are eligible for COLAs after one full fiscal year of retirement
- **Granted by Legislature:** As part of the annual budget process, a COLA is subject to approval by vote of the MA Legislature
- **Amount:** Currently, 3% or the CPI, whichever is less, on the first \$12,000 of your retirement allowance, for a maximum increase of \$360 per year

The Board's legislative agenda continues to include advocating for an increase in the cost-of-living adjustment (COLA) base while securing the purchasing power protection of our retired members, and establishing an employee pension contribution rate that is reflective of the retirement benefits earned by our members.

To keep abreast of pending legislation, please visit our website and go to News > Legislative updates.



Thank you for attending today—  
we hope you're now

### Ready for Retirement!

For more information...

- **[www.mass.gov/mtrs](http://www.mass.gov/mtrs)**
- Cambridge: 617-679-6877
- Springfield: 413-784-1711

### Q&A

---

# So, ready for retirement?

After you retire, we will still be here to serve you—and we look forward to continuing our relationship with you for many years. Please know that, throughout your retirement, we will continue to have responsibilities to each other.

During your retirement, **YOU** need to:

- **CONTACT** the MTRS if you...
  - **change** your name, address or Social Security number
  - **lose** your retirement check
  - become **re-employed** by a Massachusetts public employer and exceed the time and earnings limitations
  - become **divorced**, and your retirement allowance is divided
  - want to **change** your withholding for federal taxes, retiree beneficiary designation (Option B only), or payment method (mailed check or direct deposit)
  - want to **participate** in the governance of the MTRS as an elected Board member
  - if you are receiving an ordinary or accidental disability retirement benefit, **begin to receive** Workers' Compensation benefits, or **have a change** in your Workers' Compensation benefits
- **COMPLETE** and **RETURN** your Benefit Verification form when we mail it to you, to confirm that you are still eligible to receive your benefit payment
- **ADVISE** your survivors to contact us in the event of your death

During your retirement, **WE** will:

- **pay** you a monthly retirement allowance;
- **forward** your health insurance payment, if applicable;
- pursuant to your instructions, **withhold** federal income tax from your benefit payment;
- in January of every year, **send** you a 1099-R tax form every year; and,
- **pay** a benefit to your survivor, if applicable.

Again, thank you for taking an active interest in preparing for your retirement by attending our program today. We hope that it has been informative and helpful in making you ready for retirement!

*The Board and Staff of the Massachusetts Teachers' Retirement System*



# Your retirement process timeline and checklist

To fill in the dates, start with “Your date of retirement” and work backward

As you will see on the application, you are asked to list all of your creditable service and provide your “best estimate” of your total number of years.

**Please note that it is NOT necessary for you to request a “creditable service letter” from the MTRS in order to complete your application.**

When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.

When (in relation to your date of retirement)	Action	Your dates
One year before	<input type="checkbox"/> CONTACT your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired <i>and</i> in the event of your death.	<input type="text" value="/ /"/>
7–8 months before	<input type="checkbox"/> GO to our website at <a href="http://mass.gov/mtrs">mass.gov/mtrs</a> , and select Members > Active members > Creditable service. Review all of the types of service listed and apply to purchase any that apply to you and for which you have not yet established credit.	<input type="text" value="/ /"/>
6 months before	<input type="checkbox"/> GO to our website at <a href="http://mass.gov/mtrs">mass.gov/mtrs</a> , and, in the “Quick links to our most popular pages” menu, select “Apply for retirement.” Follow the steps to estimate your benefits, review FAQ and download and print your retirement application.	<input type="text" value="/ /"/>
4–5 months before	<input type="checkbox"/> Complete Part 1 of the application and forward Part 2 to your payroll officer for completion. <input type="checkbox"/> Gather your required documents. <b>⚠ NOTE:</b> If you do <b>not</b> submit the required documents with your application, your application will <b>not</b> be processed. <ul style="list-style-type: none"> <li><input type="checkbox"/> Copy of marriage certificate (<i>if you no longer use your maiden name or if you are selecting Option C and naming your spouse as beneficiary</i>)</li> <li><input type="checkbox"/> <b>Certified</b> copy of your birth record</li> <li><input type="checkbox"/> Copy of your military discharge form DD214 (<i>if you are a veteran</i>)</li> <li><input type="checkbox"/> Copy of your notice of termination (<i>if you are filing for a termination retirement allowance OR are retiring on a day other than the last day in your contract year</i>)</li> <li><input type="checkbox"/> Copies of your contracts/salary schedules for your 3-year salary average period, including any pages referencing contractual language to substantiate any earnings in excess of your regular contract rates</li> <li><input type="checkbox"/> A VOIDed check (<i>if you select direct deposit to a checking account</i>)</li> <li><input type="checkbox"/> Completed Option B beneficiary designation (<i>if you are selecting Option B</i>)</li> <li><input type="checkbox"/> <b>Certified</b> copy of your beneficiary’s birth record (<i>if you are selecting Option C</i>)</li> <li><input type="checkbox"/> Copy of your qualified Domestic Relations Order (<i>if you are divorced and have such an order in effect</i>)</li> </ul> <i>We will return original documents to you.</i>	<input type="text" value="/ /"/>
3–4 months before	<input type="checkbox"/> Receive signed Part 2 from your payroll officer. <input type="checkbox"/> Make a copy of your application and attachments. <input type="checkbox"/> Submit application and ALL attachments to MTRS. <input type="checkbox"/> Make payment for any pending creditable service purchases.	<input type="text" value="/ /"/>
About one month before your first pension check	<input type="checkbox"/> Receive Notice of Estimated Retirement Benefit (NERB) and first payment information from MTRS.	<input type="text" value="/ /"/>
<b>Your date of retirement</b>		<input type="text" value="/ /"/>
Second full month after	<input type="checkbox"/> Receive first retirement allowance payment from the MTRS.	<input type="text" value="/ /"/>